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Effects of customer trust and online experiences in building hospitality brands

Abstract

Customer trust embodies customer beliefs of actually receiving a promised service and manifestations of consumer's confidences in an exchange parties reliability and integrity. The study is based on the fact as to how trusts criteria affect online purchase especially in regard to booking and buying the accommodations and also that accommodation providers assume that are very essential for consumers to make the online purchase. In total 150 consumers and 80 hotels owners/operators in India were examined. There are enormous discrepancies between consumers and accommodation providers were searched. Like formal guarantee of providers, security concern, refund of price paid delivery time and information about confirmation and they will switch from one brand to other due to promise breakage, less service quality, high price charged. However, these trust criteria were viewed inconsequential by the accommodation providers. It concluded with vast number of suggestions and recommendations for the accommodation providers need to include in their websites and build reputation and strong brands in the hospitality market.

Keywords: India; brand; trust factors; online; consumers; service providers; hospitality industry.

Introduction

Over the past few years, there has been an explosion in the online world – an explosion that is also a portent of how business will operate in the future. Supply chains are being rethought, products and services reconfigured, and business models revamped. As such, the Internet is having a profound impact on the way business is being conducted in ways that are often disruptive to traditional methods. This is creating new challenges and opportunities. The Internet provides the opportunity for companies to reach a wider audience and create compelling value propositions never before possible (e.g. Amazon.com's range of 4.5 million book titles), while providing new tools for promotion, interaction and relationship building. It is empowering customers with more options and more information to make informed decisions. The Internet also represents a fundamental shift in how buyers and sellers interact, as they face each other through an electronic connection, and its interactivity provides the opportunity for brands to establish a dialogue with customers in a one-to-one setting. As such, the Internet is changing fundamentals about customers, relationships, service and brands, and is triggering the need for new brand-building strategies and tools [18; 19].

However, trust in an online relationship between consumers and internet services providers is an area of increasing importance given that the consumers are currently contending with privacy, security and tangibility issues whenever they undertake an online purchase. Understanding and addressing what are the consumer's online purchase concerns can dispel these anxieties and encourage them to make the "purchase decision. The purpose of this study is to increase our understanding of what online trust criteria accommodation consumers viewed as important before they make a purchase and what trust criteria the accommodation service providers viewed as important in prompting the consumers to make a purchase decision and build a strong brand in the market and recommending the different actions and suggestions to service providers those are needed to include in their websites in order to increase the trust and online relationship.

Review of Literature

The role and importance of trust to interpersonal and commercial relationships is evidenced by the plethora of research efforts within various disciplines such as psychology [12, p. 651–665; 13, p. 443–452], social psychology [4, p. 123–139], sociology [10, p. 967–985], economics [3, 16, p. 453–486] and marketing [1, p. 310–323; 5, p. 11–20; 6, p. 1–19]. Trust has been widely recognized as vital for e-commerce, not only as a facilitator for customer acquisition but also as a key enabling factor for customer relationship building and loyalty and Brand building. However,

despite a general congruence regarding its value for e-commerce success, most of the current literature related to this topic focuses on trust in the context of short-term transactional exchanges and fails to examine the formation of trust as a process and as a means for building long-term customer relationships. The majority of studies mainly focus on understanding the need for trust, its antecedents and consequences and the barriers contributing to the lack of trust [11]. Communication and distribution on the internet seem to be complement to each other ideally in the internet the different sites are having different qualities. As far as reliability and trustworthiness concerned, various problems exists like misuse of credit cards, online payment, checking of product quality and other frauds on the internet have many customers worrying. In order to remove the hindrance of the uncertainty on the internet trust plays an important role or the trust factors become more important [7, p. 4–20].

Another aspect to be considered is that the anonymity largely prevails on the internet which makes it even more difficult to establish trust. Added to this physical distance between two partners makes it very difficult to create trust and leads to a low trust level [8, p. 737–764]. There are series of factors that can spark off uncertainly in conventional communication and distribution channels. The factors concerning the relationship with the customer are derived largely from the use of the internet as a communication and distribution medium. We can freely and confidently state that trust, together satisfaction and commitment are the central success variables in relationship marketing. These three factors can also be interpreted as determinants of the relationship quality. Various companies are not aware of how to encourage consumers to trust their sites, ultimately how to increase the visitors and purchase members in the hotel and motel industry, web sites have been created to capture growth for instance consumers have been encouraged to use online bookings [2, p. 64; 14, 166–174] and also as amenity to guestrooms [15, p. 62; 17, p. 31–50]. However, few studies have examined the perceived importance of online trust criteria between consumers and accommodation services providers.

Research Methodology

Our study is mostly concerned about what the accommodation industry thinks are the most important trust criteria's which can be used to win over the consumers and what trust criteria's the consumers think are important before making the purchase from the particular service brand. The service nature of accommodation industry entails that this research contains a service context which is crucial to this online relationship marketing study. Hence this study is important for both the consumers and accommodation providers to build up their brand in the market. This research is based on the accommodation industry in northern part of India to check what the important trust criteria according to the consumers are before making a purchase

decision and their buying experiences on online with different websites brands available in the market. The measurement scale developed was on the basis of the studies of Lendrevie and Levy [9]. The demographics used in the questionnaire were Gender, Age, Marital Status, Occupation and income. The reliability scale was used to ascertain the opinion for various points. The questionnaires were provided to tourists in three regions of the North India and the local people who have visited and were involved in using the accommodations under reference were interviewed. A total of 18 attributes related to trust factors were studied of which regarding the perceptions towards brand (6 attributes), service quality (8 attributes), trust and loyalty (7 attributes) were studied. Consumers were asked to rate their experience's about their websites brands. Accommodation providers were randomly selected from their web site pages located online. In all 140 accommodation providers were selected but only 80 agreed to participate in our study, they were studied with an objective to measure the correlation between what trust building criteria the accommodation and consumers think are important. Accommodation service providers were asked the frequency at which they receive the bookings and the length of time for which they receive bookings through internet. The occupancy rate and the views of accommodation service providers regarding internet as an effective communication medium for their company was also studied. The questionnaire was designed to evaluate trust by measuring attributes of consumers. The development scale was adopted from Lendrevie & Levy [9]. The survey consisted of 21 questions, which related individually to the determination of overall trust communication factors, brand, service & quality and loyalty. A five point Likert scale was used with 1=strongly disagree to 5=strongly agree, 1=very bad to 5=very good, 1=highly important to 5=not important and 1=highly unlikely to 5=highly likely.

Results

In total 150 useable responses was received at about 28.6 percent success rate. The responses come from the major three regions Katra in Jammu (n=35) 23.3 % Chandigarh city (n=42) 28 % and metropolitan city Delhi (n=73) 48.6 %. All these cities are located in the northern part of India. Majority of the respondents were aged between 35-45 yrs (58 %) and next less than 35 yrs (32 %) age group and 10 % of the respondents belonged to the rest of the age groups. The majority of the respondents were in high income category with annual earnings between Rs. 5 to Rs. 10 lakh (78 %) or more followed by respondents with Rs. 2 to Rs 5 lakh (22 %) earnings. Respondents illustrated that they used the internet to book the accommodations rarely maximum had used the internet for bookings about 1–3 yrs (53 %) back, followed by more than 3 yrs (30 %), less than 1 year (7 %) and rest of the consumers never used it. Only 36 % had made the accommodation bookings in the past too and 59 % said

that they will use the internet to book the accommodation again and 5 % said that they will never use the internet to make the bookings. As far as the accommodation providers are concerned 79 % of the 80 respondents claimed that they were receiving bookings from consumers on daily and/or weekly basis. 45 % accommodation providers have been online for about 1–3 yrs, where as 42 % have been online from last 3 yrs and remaining from last 1year. Overall more than 60 % accommodation providers view that internet is effective medium for the business and 17 % accommodation providers acknowledged that the internet is very effective marketing medium. And the results from the factors that communicate trust in an online relationship are a total of 21 reliable items which were kept and reliability test were performed on hospitality providers' data. Calculation factor consisted of three items guarantee, refund and time as shown in table 1. The difference between the consumers and accommodation providers indicated that there is lack of unity in the area of refund and it reveals that the time is very important factor when dealing online with the consumers. Further it is very clear that the factor that consumers consider most important is communication factor of trust, and the hospitality providers need to stress on the area in coming period while developing their web sites. Secondly predictability includes the three important items as shown in table 1. Consumers feel that a company's reputation really influences their online purchase decision. As far as the number of customers who have used to book the accommodation in past are concerned both the consumers and hospitality enterprises found no relatively importance as far as their past experience was concerned. However when the consumers were asked about their experience with the credit card electronic transactions, the study found that that the consumers were only willing to buy the accommodation online if they had past satisfactory experience with the accommodation providers of making the electronic transactions. The accommodation service providers low mean (2.23 compared to 3.74) meant that they were not bothered about any responsibility of the consumers' credit card. So, providers attitude towards credit card transactions need to be supportive and reassuring to consumers if the consumers are to repurchase and be happy with the company's operations.

Third, the trust communication factor of intentionality consists of two items. These two items relate with the confidentiality and privacy and a declaration from the providers that the information provided would not be misused. The consumer's high mean refers to the fact that they have a strong perception that privacy is a major problem while purchasing online. They strongly believed that it is the responsibility of the company to protect their interest and information.

Fourth, capability as a trust communication factor involved two items and they related to the operation of the site and confirmation of purchase while using the internet for booking purposes. The relatively high mean of consumers suggested that

the providers usually deny giving the information about their functions or operations. The higher levels of the consumers mean depicted that that the consumers regarded the area of confirmation as a more important web site component than service providers.

Table 1

Differences between consumers and accommodation provider's views on importance of websites trust features

Trust factors	Websites trust features	Consumers N=150 Alpha=0.87	Accommodation Providers N=80 Alpha=0.74
Calculation	Provide formal guarantees Of services and or products	4.48 (0.52)	4.11 (0.74)
	The websites offer refund of the price Paid	4.26 (0.72)	2.98 (0.92)
	The websites inform regarding the availability of products or services at the time of booking.	4.34 (0.67)	3.95 (0.79)
Predictability	The reputation of that company or service provider is very important in influencing the decision of purchase	4.55 (0.57)	3.9 (0.95)
	Number of customers who have previously visited the site, effects our online purchase	2.92 (1.1)	2.65 (1.18)
	Consumers are more willing to purchase online using a credit card only if they had past experiences with the Accommodation service providers	3.74 (0.89)	2.23 (0.69)
Intentionality	Web site providers must reassure the information Provided remain confidential and private	4.4 (0.63)	3.05 (1.0)
	A statement declaring the information provided will not be used for other than this purpose	4.29(0.69)	2.91(0.76)
Capability	Ability to provide detailed Information relating to a company's brand and online operations	3.78 (0.94)	2.57 (0.77)
	Ability to provide formal confirmation of purchase when buying product online	4.14 (0.83)	3.35 (1.2)
Transference	A web site with a well known brand will influence online purchase	3.64 (0.94)	2.83 (0.73)
	A security label featured on a website indicating security and privacy protection will influence online purchase decision	4.10 (0.81)	2.82 (0.65)
	The listing of reviews from satisfied customers will Influence online purchase decision.	3.98 (0.83)	2.65 (0.65)
Tangibilisation	The websites of those accommodation providers are preferred which show little written information and more Visual imagery	2.86 (1.08)	2.88 (1.0)
	Websites which are fast and accurate in application are preferred	4.36 (0.67)	2.71 (1.0)
Interactivity	It is very important to receive confirmation through email when a purchase is made online	4.15 (0.67)	3.47 (0.67)
	A web site that welcomes feedback and comments either through letters or emails is very important.	3.77 (0.91)	3.03 (0.97)
	A website that gives option to join with a group of similar users is very appealing.	2.86 (1.1)	2.65 (0.65)

Note Scale 1=strongly disagree to 5 strongly agree.

Fifth, transferability encompassed three items, namely well known brand, security and testimonials. The high level of difference was found between the value of consumers (3.64) and accommodation providers (2.83) this revealed that the brand image and well known brand really mattered a lot to them while purchasing the

accommodation online. Consumers believed that the brands relatively less important should not be purchased online. Internet consumers remarked high importance regarding the security concerns, they believed that web sites with recognized security level would definitely increase their trust and the image of brand but the service providers gave a low level (2.82) of importance to security. And both consumers and accommodations providers gave very low levels regarding the importance of the testimonials from the satisfied customers.

Sixth, Tangibilisation includes two items “visual” and “speed”. The customers and accommodation providers both viewed low relative importance of these factors to the other factors. It means none of them bother about the visual and imagery concepts. According to the consumers the websites which are accurate and fast are more preferred mean (4.36) than providers (2.71). But the view of the accommodation providers is contradictory they have lack of interest in high speed and fast websites which can lead to problems in the trusting the relationship between both of them.

Interactivity includes “receive confirmation”, “Feedback” and “join the similar group”. Of three items only two of them confirmation and feedback showed significance difference between consumers and accommodation providers. The high level of mean (4.15) indicates that consumers believed that formal confirmation is required and it is considered very important and providers with (3.47) mean also agreed but did not bother about the formal confirmation. Therefore, if the company has to develop a positive relationship with the consumers it is very important for them to always follow up with their clients through email confirmations. The consumers’ regularly want to interact with the company about any changes to be made in their plans or making enquiries regarding delivery dates etc.

Table 2

Consumers view about the Brand Name, Quality & Services and Loyalty & Trust

Factors	Features	Consumers N=150 Alpha=0.74
Brand	Do you thing that web site or company brand is necessary?	4.0 (1.18)
	Do you have an emotional attachment with your chosen brand?	3.54 (1.11)
	Are you satisfied with you chosen brand or website to book your accommodation online?	4.09 (1.10)
Service quality	How do you see your chosen brand?	3.99 (1.11)
	Are you satisfied with additional services	3.28 (1.12)
	Do you thing services offered are good for the price paid?	3.44 (1.14)
	Do you choose this brand only due to services offered?	3.56 (1.20)
	What do you thing about the quality of this brand?	3.98 (1.10)
	How is your experiences of service quality with this brand?	4.04 (1.09)

Loyalty & Trust	Does this loyalty is with company or accommodation providers or with services?	4.29 (0.98)
	Do you think that loyalty develop any trust?	4.00 (1.1)
	Would you like to run off from your accommodation provider s brand if: i) promise leakage?	3.56 (1.2)
	ii) less service quality?	4.14 (1.0)
	iii) charge high price as compare to quality?	4.20 (1.1)

Note Scale 1=strongly disagree to 5 strongly agree.

Further analysis was performed on the consumers with regards to brand preference of online accommodation providers, service & quality and loyalty & trust as shown in table 2. The mean value (4.08) depicts that the consumers really agreed with the fact that strong reputation of brands available in the market does matter to them and has a huge influence on their purchase decisions which consequently has led to them having emotional attachment with their brand. The mean value (3.32) suggests that consumers viewed that advertisements are not enough to know about the brands. Most of the respondents surveyed were satisfied with their chosen brands (4.0). Majority of the consumers had positive perception (4.0) regarding their brand and quality of their services. As the mean value 3.28 shows consumers are moderately satisfied with the additional services and service features that are unique. The maximum number of consumers viewed that quality of their accommodation providers was very good, which had led to them being loyal towards these service providers (4.29). Respondents agreed to the fact that (4.0) it was trust only which developed the loyalty. 82 % of consumers said that they did not intend to switch from their brand of accommodation providers as they were getting the constant benefits and quality. But the mean values suggested that they would be switching to other brand if there services would deteriorate in future (3.56), less service quality (4.14) and higher price is charged as compared to quality (4.0). 76 % of consumers are believed that they were satisfied with the quality of communication between them and accommodation providers.

Conclusions

Through this study we have been able to identify the various online trust factors and perceptions of consumers regarding their experiences with reference to online presence of hospitality industry brands, service quality experiences, loyalty and trust. According to the consumers various factors they consider important are time and product availability, past experience with electronic quality, reputation of the website, purchase confirmation and confidentiality of the information provided by the customer and development of trust due to efficient communication and service

delivery by the accommodation providers. It is therefore highly recommended that the service providers should work towards building the overall trustworthiness of the online site of the company amongst the consumers. It can be inferred from the high level of associated mean values of consumers and the significant difference between the values of accommodation providers and consumers that the functionality of the trust factors including guarantees, refunds and time are very important in building the trust. This can be achieved by introducing trust either through oral or written information and the delivery of the service on time date should be highlighted.

Through predictability factor we come to the conclusion that the accommodation providers should increase the trust and make the brand more visible by displaying the number of consumers with positive past experiences, by using the ancillary services, a campaign through which awareness regarding programs of the company is done and of course building trust regarding the confidentiality of the credit card information and teaching the consumers as to how to use their credit cards effectively for purchase related transactions. The service providers should provide some privacy prevention mechanisms; provide a logo or statement on site indicating that they would protect consumer information and the information policy of the company. The information about the experiences of the service provider about their operations like lead time, internet operating status and confirmation all bookings or purchases online which are part of the capability factor of trust should be provided. Well known partner brands should be placed on the websites of the service providers along with their security features too this will increase trust amongst the prospective and existing customers.

As far as the tangibilization factor is concerned, the service providers should offer elaborate details regarding product or services being offered to the consumers and ensure that their website always contains updated information along with the latest backup technology and speed application software's. They should provide feedback forms on their websites and contact all consumers who request further information. In order to build positive relationship the service providers should encourage the consumers to build their communities and offer consumers the chance to join the similar sites which they would be interested in and allow feedback from other focus groups too. They should allow consumers to check and receive emails of any online purchase. Various consumers believed that advertisements do not carry enough information to know about the company websites. So, the accommodation providers should build a channel which can give clear and continuous information to the consumer about the company products and where the necessary details regarding them are located on the company websites. Whatever enquiries the consumers have at the time of booking or at a later stage or if they have any change of plans the same should be handled by the service provider online in as effective and efficient manner

as possible. In Order to enhance the consumers trust the accommodation service providers should continuously try to increase and maintain the quality of its websites and others additional services and they all should be delivered within promised time.

So we must emphasize that it is a fundamental for every service provider to have knowledge of the factors establishing trust, but this alone is not sufficient and they should strive efficiently deliver these significance factors according to the needs of the individuals. Hence trust is very important variable to build up the reputation, brand building and relationship marketing. From the competitive point of view the relationship quality could be enhanced by increasing trust, providing good services well in time within their affordable costs at a fast and quick pace through websites which guarantee service and above all are willing to refund the charges if the consumer is not satisfied. This will accommodation providers and consumers to build a long term relationship.

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